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Miscellaneous

## ECR/CRP and RJRT/McLane

### What is CRP and ECR ?

- CRP - Quick Response/Continuous Replenishment
- ECR - Efficient Consumer Response
- Together - the right product in the right place at the right time

### Where does McLane fit into this with RJRT ?

- McLane approached RJRT last December to renew discussions
- RJRT committed to partner with McLane on this process in February
- McLane will provide daily retail sales and division inventory data
- RJRT will create purchase orders to replenish the product to each division
- The goal is to maintain 1.0 WOS and a 99.9% Customer service level
- McLane will coordinate business activities with RJRT
- McLane and RJRT will become partners - not adversaries - with a common goal of making both companies more profitable

### What will Change ?

- As of August 13, RJRT has put representatives at McLane Corporate in Temple, TX, to assume the responsibility for ordering cigarettes using McLane's buying system
- Next spring, RJRT will bring on-line a system which will automatically generate the PO's for review in W-S. RJRT will not remain on site in Temple at this point
- Our distribution network should see no difference - except more stability
- Promotional activity will eventually be rolled into this system - that is another topic for discussion

### What is after McLane ?

- The success of McLane will lead to exploring similar relationships with our other major direct accounts
- This project has a defined role in the total Trade Marketing Vision

### How can Field Sales Help ?

- The key to a successful program is timely and accurate information on any activity which will impact the baseline forecast of any brand. The field has the ears and eyes and a responsibility to help in this effort
- Use the Product Purchase Exception form whenever possible
- Contact the McLane reps directly with information
  - Tom Sullivan - ext. 2572
  - David Gramley - ext. 1011
  - Either of us in Temple - 817-771-7482
  - Paul Letourneau - 817-947-3450

# Promotion Planning Process

## Status

- National Programs - Process is in place and working well
- Walmart/Sam's - process is in place - works fairly well
- Chain Activities - Process works when followed - not always followed
- In Total - we are effective when we do not overload - and we do overload at times

## Chain Activity Process

1. RJR KAM/AE plans promotion with customer
2. Customer Services receives promotion information from Forsyth or field and forwards to BIAD and Distribution
3. Distribution Provides BIAD and CS with good dates. CS provides to field.
4. If product requires VAP by McLane or other DA, then dates must be confirmed and modified by account rep to ensure DTS date can be met.
5. BIAD enters forecast into MAD
6. If McLane, BIAD will double-check with Tom/David to ensure they are ordering same quantity for dates indicated

## Concerns with Chain Activity

1. The chain can independently spend dollars to promote brand
2. Process is not followed assuming product will be available
3. Process is followed with right quantities but wrong dates
4. Process is followed with wrong quantities but right dates
5. KAM/AE do not have the right tools to plan promotions with customer

## Promotion Planning Requirements System

A system has been outlined to provide the following tools

- Planning
- Communications
- Order Entry

An accountable individual, i.e. the KAM or AE, would use this system for all promotional activity for chains they are responsible for. It represents an opportunity for RJR to make a positive point of difference with our competition.

## Next Steps:

1. Define process and implement manually with McLane Southwest and the following chains - Diamond Shamrock, Coastal Mart, and EZ Serv.
2. Theresa Coleman to begin system work for the planning process portion
3. Final step is automation of order entry process

## PRODUCT PURCHASE EXCEPTIONS

**PLEASE CHECK TYPE OF PROMOTION**

- ☐ Million Dollar Regional Opportunity Spending  
☐ Co-Marketing Program  
☐ Other

ACCOUNT NAME \_\_\_\_\_

RJR CONTACT PERSON \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

TODAY'S DATE \_\_\_\_\_

**DESCRIBE ACTIVITY (EXAMPLE: BUY-DOWN, PREMIUMS, ETC.):**

**FREQUENCY—HOW OFTEN WILL THESE VOLUMES BE PURCHASED FROM THE PUBLIC WAREHOUSE:**

EACH MONTH ☐ EACH WEEK ☐  
EACH 2 WEEKS ☐ ONE TIME ONLY ☐

**DATE OF FIRST PURCHASE FROM THE PUBLIC WAREHOUSE:**

(4 Weeks after today's date)

**DATE OF LAST PURCHASE FROM THE PUBLIC WAREHOUSE:**

[illegible]

**COMMENTS/SPECIAL INSTRUCTIONS:**

**FAX to Promotions Area: 910-741-2156 / Direct questions to Promotions Area: 910-741-3521 or 3078 or 3140 or 3545**

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## INSTRUCTIONS FOR COMPLETING THE PRODUCT PURCHASE EXCEPTIONS FORM

1. Please Check Type of Promotion - Check the type of promotion program you are executing. If "other", write in the specific promotion program name.
2. Account Name - If for a specific account, enter the account name.
3. RJR Contact Person - Enter the name of the RJR person who may be contacted to answer questions about the request if necessary.
4. Phone Number - Enter the phone number for the RJR contact person.
5. Today's Date - Enter the date the request is completed and transmitted to Customer Services.
6. Describe Activity - Indicate the nature of the activity (e.g., buydowns, premiums, etc.)
7. Frequency - How Often Will These Volumes Be Purchased From the Public Warehouse - Indicate how often the requested volumes will be purchased from the public warehouse.

Each Month - Requested quantities will be purchased once per month for each month between the First Purchase and Last Purchase dates. For example, if the dates are September 1 through November 30, the quantities indicated would be purchased once in September, in October, and in November. If you expect monthly volumes to be purchased on particular days of the month, please indicate that in the "Comments/Special Instructions" field. Otherwise, purchases will be entered around the first of each month.

Each Week - Requested quantities will be purchased once per week for each week between the First Purchase and Last Purchase dates. For example, if the dates are September 1 through November 30, the quantities indicated would be purchased on a weekly basis between those dates.

Each 2 Weeks - Requested quantities will be purchased once every other week between the First Purchase and Last Purchase dates.

One Time Only - Requested quantities will be purchased one time only on the First Purchase date.

8. Date of First Purchase From the Public Warehouse - Indicate the first date additional product should be available in the public warehouse to support the promotional activity--not the date you plan to begin working the program in the field.
9. Date of Last Purchase From the Public Warehouse - Indicate the last date additional product should be available in the public warehouse to support the promotional activity--not the date you plan to stop working the program in the field.
10. Division or Account Number - If you are estimating quantities by division or by account, please identify them by number in the spaces provided. If you are estimating a percent increase, division or account numbers are required in order for the forecasting area to accurately calculate the increase amount. **NOTE: If a division number is provided without specific warehouse numbers, it is assumed that the percent increase affects every warehouse that services that division; if a warehouse number is provided without specific account numbers, it is assumed that the increase affects every account serviced from that warehouse. Otherwise, specific warehouses and/or accounts must be provided.**
11. Warehouse Number (if known) - Please provide public warehouse numbers (or locations) if you know them.
12. Brand Style - List the brand styles for which additional product is needed--please be specific (e.g., Winston FF 85 versus Winston).
13. Case Size - Please provide the case size for each brand style.
14. UPC (if known) - Please provide the correct UPC # ( 5 digit ) if you know them.
15. Volume (in cases or % increase) - Please indicate the additional volumes needed per brand style. Remember that these volumes are per time period (i.e., per week, month, etc.) based on the FREQUENCY indicated. If you are requesting a percent increase, remember that the percentage will be applied to each time period between the First Purchase and Last Purchase dates. For example, a request for a 25% increase for September 1 through September 30 would be calculated based on average monthly shipments for the specified warehouses or accounts. If the average monthly shipments was 100 cases, the forecast would be increased by 25 cases for the month of September.
16. Comments/Special Instructions - In the space provided, please enter any comments or special instructions that may clarify your request. For example, if you indicated a monthly frequency, but you would like the monthly quantities spread across the weeks in the month, indicate that in this field.

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